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CIA predicts 1980's lag in Soviet economic growth

Washington (AP)—The Central Intelligence Agency is forecasting a marked slowdown in the Soviet Union's economic growth in the 1980's, partly because of a looming oil shortage.

The study, entitled "Soviet Economic Problems and Prospects," was made public yesterday by the Joint Economic Committee of Congress. The CIA director, Adm. Stansfield Turner, had disclosed the study's basic findings in a speech Friday in San Francisco.

The study says Soviet leaders must make difficult choices in the years ahead, including a decision on whether to cut military expenditures.

"Military programs enjoy great momentum and powerful political and bureaucratic support," the CIA said. "We expect defense spending to continue to increase in the next few years at something like recent annual rates of 4 to 5 per cent because of programs already begun."

"As the economy slows down, however, ways to reduce the growth of defense expenditures could become increasingly

pressing for some elements of the Soviet leadership."

The study says that in the next 5 to 10 years, long-standing factors that have retarded the Soviet economy will be aggravated by a sharp decline in the growth of the working-age population and reduced oil production.

"In the 1980's, the rate of growth of the labor force is expected to drop sharply (to less than 1 per cent beginning in 1982) because of the depressed birth rates of the 1960's," the CIA reported.

But it said, "The most serious problem is a looming oil shortage," with production beginning to fall off in the late 1970's or early 1980's.

"The current level of oil production is close to the estimated maximum potential of 11 million to 12 million barrels per day," the study said. "By 1985 oil output is likely to fall to between 8 million and 10 million barrels per day."

The CIA said Moscow is counting on large new supplies of oil and other energy sources, like coal, natural gas and hydroelectric power, by the mid-1980's. But it noted that most of these energy sources lie east of the Urals, far from major industrial and population centers.

"Their development would take years and require massive capital investment," the report added.

It said that with opportunities for conservation less obvious in the Soviet Union than in the West, the Russians probably will have to rely on cutting oil exports to Eastern Europe, importing substantial amounts of oil from non-Communist countries, and severely rationing oil to domestic users.

While oil exports of \$4.5 billion accounted for almost half the Soviet Union's hard-currency earnings last year, the report said, Soviet oil imports by 1985 could cost \$10 billion at today's prices and "largely foreclose the import of other goods from the West, including badly needed Western technology."

Overall, the CIA said, "we conclude that a marked reduction in the rate of economic growth in the 1980's seems almost inevitable," adding that in some years it could drop to zero or even decline if oil shortages and a bad crop year coincide.

"The reduced growth potential means that the Soviet consumer will fare poorly during the next 5 to 10 years compared to recent gains," the study says. "Under the projected growth rates, per capita consumption could grow no more than 2 per cent a year in contrast to about 3.5 per cent since 1965. As a result, there will not be progress in closing the gap in living standards with the West or, or that mat-